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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

June 26, 2006

The Honorable Laura Knaperek, Chair
Joint Legislative Audit Committee

The Honorable Robert Blendu, Vice Chair
Joint Legislative Audit Committee

Dear Representative Knaperek and Senator Blendu:

Our Office has recently completed a 6-month followup of the Department of Economic Security—Division of Developmental Disabilities, regarding the implementation status of the 14 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in September 2005 (Auditor General Report No. 05-07). As the attached grid indicates:

- 6 have been implemented;
- 7 are in the process of being implemented; and
- 1 is not yet applicable.

Our Office will continue to follow up at 6-month intervals with the Department on the status of the recommendations not yet fully implemented.

Sincerely,

Debbie Davenport
Auditor General

DD:Acm
Attachment

cc: David Berns, Director
Department of Economic Security

**DEPARTMENT OF ECONOMIC SECURITY
DIVISION OF DEVELOPMENTAL DISABILITIES
6-Month Follow-Up Report To
Auditor General Report No. 05-07**

FINDING 1: Division developed appropriate model for setting provider rates

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The Division should continue its efforts to establish benchmark rates for therapy and employment-related services.	Implementation in Process	

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FINDING 2: Division can improve availability of therapy services

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. To ensure its waiting list accurately measures service needs, the Division should:		
a. Regularly audit the list for accuracy; and	Implementation in Process	
b. Take appropriate steps to ensure support co-ordinators add and remove individuals from the list in a timely manner.	Implementation in Process	
2. To address outdated rates paid to therapists, the Division should:		
a. Include in its study of therapy rates the costs of providing services, including administrative costs associated with complying with third-party liability and other requirements;	Implementation in Process	
b. Adopt appropriate rates based on its study; and	Implementation in Process	
c. If necessary, identify funding to pay increased rates.	Not Yet Applicable ¹	

¹ This recommendation is not applicable until a rate model is developed and the benchmark rates are established.

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FINDING 2: Division can improve availability of therapy services (cont'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
3. To help alleviate problems related to administrative requirements, the Division should:		
a. Assess provider interest in a training program related to complying with administrative requirements, such as third-party liability;	Implemented at 6 Months	
b. Based on the results of that assessment, determine whether to develop and provide a training program for providers;	Implemented at 6 Months	
c. Consider publishing a document for providers with information on division requirements, systems, and processes, and where they can obtain additional information. This might include administrative information such as billing requirements, third-party liability issues, and service-related issues such as the availability of community centers or other venues outside the home where services might be provided.	Implemented at 6 Months	

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FINDING 2: Division can improve availability of therapy services (concl'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
4. To reduce confusion and the possible dissemination of misinformation, the Division should examine its practices for responding to provider questions, and consider providing additional training and guidance to staff regarding common provider issues such as third-party billing, or designating specific, knowledgeable staff members to respond to providers' questions.	Implemented at 6 Months	
5. To help alleviate service scheduling problems, the Division should complete system improvements to the qualified vendor system that would allow individuals with disabilities, their families, and support coordinators to more readily access available providers and providers to indicate through the Internet the days and times when they provide services.	Implementation in Process	

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FINDING 3: Division should improve billing practices

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. To better ensure it identifies in a timely manner individuals who must pay for all or part of the cost of their services, the Division should:		
a. Develop a process for first matching records of individuals receiving services that could be subject to billing – specifically, residential, institutional, and skilled nursing facility – with records maintained by the Department’s Office of Accounts Receivable and Collections (OARC) to identify unbilled individuals, and then researching individual cases to determine whether they should be billed.	Implemented at 6 Months	
b. Develop a process to systematically obtain information regarding Social Security benefits for its individuals receiving services. To do this, the Division should consider working with the Division of Benefits and Medical Eligibility as well as OARC to standardize its process with other department processes for obtaining benefits information from the Social Security Administration.	Implemented at 6 Months	

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FINDING 3: Division should improve billing practices (concl'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
2. To better ensure its billing amounts are accurate, the Division should correct its procedures for determining the total amount due in the fee-for-service category to capture services provided in a previous month but reported later by providers.	Implementation in Process	